

## III Accounting for Bonds And PMIA Loans

This chapter provides procedures for recording bond fund accounting events in CALSTARS. These events are in two categories: bond fund transactions without Pooled Money Investment Account (PMIA) involvement; and bond fund transactions with PMIA consideration.

### BACKGROUND

Bond issues are authorized by statute. Once the bonds are authorized, the State Treasurer sells the bonds. The proceeds are made available to one or more agencies for the purposes stated in the specific bond statute. Because bonds are usually sold in large blocks (often \$100 million or more), there are excess funds which the Treasurer invests in the Surplus Money Investment Fund (SMIF). Those funds earn interest, which is either revenue to the General Fund (General Obligation Bonds) or revenue to the fund where the bond proceeds are kept.

#### Pre-Tax Reform Act Bond Proceeds

The pre-86 tax laws allowed bond proceeds to earn interest for three years with no restrictions. After three years the major portion of the bond proceeds must have been spent or any interest earned would be subject to restrictions. Any minor portion of bond proceeds remaining could still earn interest unrestricted.

#### Post-Tax Reform Act Bond Proceeds

The Federal Tax Reform Act of 1986 changed the rules for bonds sold after October 22, 1987. The interest made on bond proceeds might now be subject to rebate to the Federal government. Therefore, the State Treasurer has adopted a new strategy for the timing of bond sales to conform to the new rules. The SCO sets up separate Sub-funds for each bond sale to assist the Treasurer's Office in tracking bond expenditures and any profits made on bond proceeds. As authorized by Chapter 6, Statutes of 1987 (AB55), the State Treasurer may:

- ★ Recognize when a bond issue has been authorized;
- ★ Request the benefiting agency to forecast their cash needs;
- ★ Make short-term loans from the PMIA at the prevailing rate of interest to pay obligations on a current basis;
- ★ Periodically market blocks of bonds; and,
- ★ Direct the proceeds to retire some of the incurred short-term debt.

The State Treasurer also provides for upfront bond sales proceeds for construction bonds which may be used to repay PMIA loans as needed.

Chapter 697, Statutes of 1995, gave the State Treasurer the ability to issue Commercial Paper notes to provide interim financing for bond-funded programs. Commercial paper notes are short-term securities with maturities of from one to 270 days. Because of the short maturities and the tax-exempt status of the Commercial Paper notes, the interest rates are less than interest rates on long-term bonds or PMIA loans.

Each bond issue is governed by the statute authorizing it. The State Controller's Office (SCO) establishes accounting events based on their interpretation of the provisions of each bond issue. CALSTARS can issue guidelines for common accounting events but cannot enforce standard procedures affecting PMIA loans and bond accounting events. Agencies having bond issues should work directly with the SCO so that their agency accounting within CALSTARS is structured as closely to the SCO's as possible. However, there may be some differences between CALSTARS and the SCO. Those differences are noted within this procedure.

## SUB-FUNDS TO BE USED

Unless there are restrictions, the SCO normally establishes the following sub-funds as appropriate.

1. **PRE-TAX REFORM ACT BOND PROCEEDS SUB-FUND** (for bond sales prior to October 22, 1987) - used to account for bond proceeds prior to the 1986 Tax Reform Act. It also shows transfers to reimburse the Bond Expenditures Sub-Fund as the agency makes claims against that fund. *The SCO fund/sub-fund coding convention is **nnnn30n**. (The first four digits represent the fund and the last three digits are the sub-fund.)*
2. **POST-TAX REFORM ACT BOND PROCEEDS SUB-FUND** (for bond sales on or after October 22, 1987) - used to account for bond proceeds after the 1986 Tax Reform Act that is used to repay PMIA loans. If the PMIA loan has been repaid it may also show transfers to reimburse the Bond Expenditures Sub-Fund as the agency makes claims against that fund. *The SCO fund/sub-fund coding convention is **nnnn40n**.*
3. **PMIA LOAN PROCEEDS SUB-FUND** - records the loan activities from the Pooled Money Investment Account. Also records Transfers-In and Transfers-Out to other sub-funds. *The SCO fund/sub-fund coding convention is **nnnn5nn**.*

The SCO uses a 2-digit category code within some of the sub-funds to further classify costs. The same category codes have different meanings depending on the specific type of sub-fund. Because the 2-digit SCO Category codes are not standard UCM accounts, they are identified in CALSTARS by the 2-digit

Account Type in the AS Table. The category codes used for the PMIA Loan Proceeds Sub-fund are:

Category	Description
11	Loan proceeds account
12	Amount transferred from bond/or loan proceeds
13	Income from SMIF/Other (not applicable to General Obligation bonds)
14	Expenditure reimbursements
18	Reservation-loan amount

4. **PMIA LOAN PROCEEDS SUB-FUND (ELIGIBLE FOR COMMERCIAL PAPER)** - records the loan activities from the Pooled Money Investment Account. Also records Transfers-In and Transfers-Out to other sub-funds. Periodically, the State Treasurer will issue Commercial Paper to pay down the loan amount. *The SCO fund/sub-fund coding convention is **nnnn7nn**.*

The SCO also uses a two-digit category code within some of the sub-funds to further classify costs. The same category codes and meanings identified in item #3 above for the PMIA Loan Proceeds Sub-fund apply to this sub-fund also.

5. **UPFRONT BOND SALES PROCEEDS SUB-FUND** - used to account for monies derived from the sale of construction bonds (absent of a PMIA loan and/or in excess of a PMIA loan repayment). It will also show transfers to reimburse the Bond Expenditures Sub-Fund as the agency makes claims against that fund. *The SCO fund/sub-fund coding convention is **nnnn33n**.* The SCO category codes used within the sub-fund are:

Category	Description
11	Transfer to bond expenditures - construction
12	Transfer to bond expenditures - non-construction
13	Income from SMIF (not applicable to General Obligation bonds)
15	Transfer to loan proceeds account
17	Interest earnings of locals
18	Reservation-bond proceeds
19	Condemnation (Fund 0910) earnings

6. **TAXABLE BOND SALE PROCEEDS SUB-FUND** - Used to account for bond proceeds derived from the sale of bonds that are not tax exempt, including any upfront bond sale amount. *The SCO fund/sub-fund coding convention is **nnnn60n**.*
7. **BOND EXPENDITURES SUB-FUND** - used to record encumbrances, liabilities and expenditures claimed by the agency. This sub-fund is common to all bonds. If your agency has more than one type of bond proceeds sub-fund within the same fund, there will probably be only ONE of these expenditure sub-funds. *The SCO fund/sub-fund coding convention is **nnnn00n**.*

**ESTABLISHING TABLES FOR RECORDING ACCOUNTING EVENTS**

To provide a consistent audit trail and facilitate reconciliation with the SCO accounts, tables should be established as much like the SCO account structure as feasible.

Refer to Volume 2, Chapter IV, Table Maintenance, for a complete discussion of the coding for each of the tables discussed below.

**Descriptor Tables****D23-Fund Detail**

Establish a Fund Detail for each SCO sub-fund. There may be more than one SCO sub-fund number for each of the different types of sub-funds described, i.e., 701, 702, etc.

The D23 Table requires setting indicators in the Reference Area. The Appropriation Fund Level Indicator **MUST** be set to 1. This allows Fund Detail to be displayed on the various reports and other documents produced by CALSTARS. The other Fund level indicators can be set to the appropriate value based on the level your agency is recording data into these files.

Since the SCO uses Sub-fund (3 digits) and the CALSTARS equivalent is Fund Detail (2 digits), agencies must establish a manual cross reference between Sub-fund and Fund Detail. This is used when preparing Claim Schedules and Remittance Advices, performing SCO/CALSTARS reconciliations and preparing financial statements. The two-digit Fund Detail codes must be changed by hand to the SCO three-digit Sub-fund codes before submitting documents to the SCO or other control agencies.

**D32-Subsidiary**

Transactions entered for GLA 1400-Due From Other Funds or GLA 3110-Due To Other Funds require the use of Subsidiary numbers. Volume 1, Chapter IV, under these GLAs, provides information on establishing the required Subsidiary numbers.

Also, Subsidiary number is required on transactions entered for GLA 9811-Operating Transfers In and GLA 9812-Operating Transfers Out. This is in accordance with UCM requirements so that the fund the transfer is made to or from is identified in the transaction.

**D33-Receipt Source**

Transactions entered for GLA 8000-Revenue, GLA 9811-Operating Transfers-In and GLA 9830-Other Sources require the use of a Source code as indicated in the UCM. Transactions entered for abatements (credit to GLA 9000-Expenditures) also require a Source code per the UCM. If a Source code needs to be added to the D33 table, call the CALSTARS Hotline. Refer to Volume 2, Chapter III, Client Services, for telephone numbers and other communication methods.

### Appropriation Symbol Table

Establish an Appropriation Symbol for each combination of SCO fund, sub-fund, and category that is applicable to the bonds accounted by the Agency. There should be a minimum of one Appropriation Symbol number per SCO detail account—just like all other types of appropriations.

Code the AS Table Account Type the same as the SCO Category code. If the SCO Category code field is blank, use **00** for SCO Type **D** (disbursement) or **T** (transfer-out) accounts; or **RR** for SCO Type **R** (revenue) accounts. Transfer-in accounts are treated as revenue.

### PCA Table

Establish at least one PCA for each AS Table record. For PCAs that record transfer or revenue activity, code the Disbursement Fund Segment the same as the Fund Distribution Segment. For PCAs to record expenditure activity, the Disbursement Fund Segment may be coded differently than the Fund Distribution Segment, if the disbursement uses a Clearing Account or Working Capital Account.

### Other Tables

Other table entries (i.e., Index Code, Project Control Table) may be established as needed to identify bond fund activity. For example, an Index Code may be established for all bond activity so that unit managers do not see bond transactions on their Q12 and Q16 management reports.

## RECONCILIATION

Monthly appropriation and revenue account reconciliation using the DB2 or DB1 and HB4 reports and the SCO Agency Reconciliation Report need to be performed. In addition, for non-shared funds and sub-funds, a reconciliation of the General Ledger account balances should be done for those asset and liability accounts that are not reconciled on the appropriation and revenue reconciliations (GLA 1140, 3500, etc.). This can be done by comparing the G01 (requested by Fund Detail) to the SCO Fund Reconciliation Report. Any differences may be investigated by looking at the HG1 Report. For example, differences in GLA 1140- Cash in State Treasury may be attributable to administrative costs of the State Treasurer's Office that are charged to the bond fund by the SCO but are not recorded by the agency. Also, entries by the SCO in GLA 3510 to record "Good Faith" deposits may not yet be recorded in the agency accounts.

**YEAR-END REPORTING**

At Year-end, prepare a set of Financial Statements for each sub-fund. Differences in GLA 1140 between the SCO and the agency should be identified on a Report No. 3 - Adjustments to Controller's Accounts. A Q26 Report (Report No. 4 - Year-end Statement of Revenue) will not display receipts recorded for GLA 9830-Other Sources. These receipts do not need to be reported on Report No. 4, so it is not necessary to add them to the Q26 before submitting it to the SCO.

In addition, submit a Pre-Closing Trial Balance and Post-Closing Trial Balance at fund level (G02 0-0-0-2) for each bond fund administered by a single agency (non-shared fund, or designated fiduciary reporter).

**ACCOUNTING EVENTS**

Listed on the following pages are the accounting events and corresponding CALSTARS transaction codes. These are listed in the order they normally occur.

Exhibit III-1 displays the bond fund accounting activities with no PMIA loans. It is not intended to be authoritative but only to show the relationships between each of the accounting events.

Exhibit III-2 displays the bond fund accounting activities when a PMIA loan is included. It also is not intended to be authoritative but only to show the relationships between each of the accounting events.

The accounting events contained in this procedure are expected to be typical for bonds and PMIA loans. If your agency receives an SCO Journal Entry that is not described in the procedure, please contact your CALSTARS Analyst or the Hotline to determine the appropriate entry.

EXHIBIT III-1  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

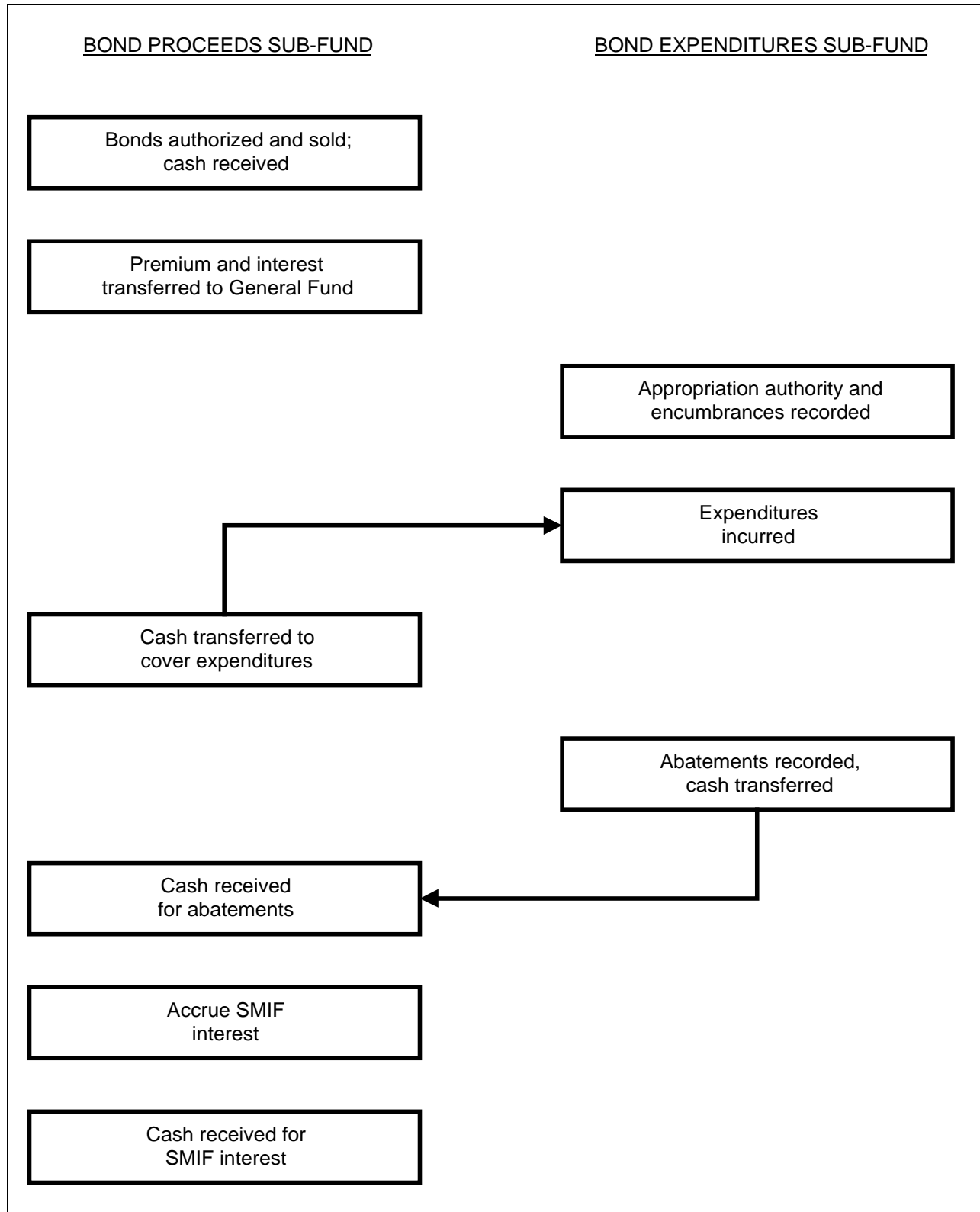


EXHIBIT III-1 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

<b>Record authorization of bonds (voter approval) in the <u>bond proceeds sub-fund</u>:</b>		
1	Record the authorization: TC B01 - Bond Act is Chaptered Dr. 2774 Bonds Authorized-Unissued Cr. 2780 Provision for Unissued Authorized Securities	<i>Optional.</i> Agencies may decide based on needs whether to formally record this information in their accounting records.
<b>Record an adjustment to the original authorized amount in the <u>bond proceeds sub-fund</u>:</b>		
2A	Record an increase to the original authorized amount: TC B10 - Bond Act Adjustment to Increase Dr. 2774 Bonds Authorized-Unissued Cr. 2780 Provision for Unissued Authorized Securities	<i>Optional.</i> This entry is used only if Entry #1 was done.
2B	Record a decrease to the original authorized amount: TC B11 - Bond Act Adjustment to Decrease Dr. 2780 Provision for Unissued Authorized Securities Cr. 2774 Bonds Authorized-Unissued	<i>Optional.</i> This entry is used only if Entry #1 was done.
<b>Record the Sale of Bonds in the <u>bond proceeds sub-fund</u>:</b>		
3A &	Record reduction of bonds authorized when bonds are sold: TC B07 - Reduce Bonds Authorized When Sell Bonds Dr. 2780 Provision for Unissued Authorized Securities Cr. 2774 Bonds Authorized-Unissued	<i>Optional.</i> This entry is used only if Entry #1 was done.
3B &	Record an original appropriation: TC 010 - Record an Original Appropriation Dr. 6120 Appropriations-Offset Cr. 6110 Appropriations	The SCO records this appropriation setup by: Dr. 5510 - Fund Balance-Appropriated Cr. 6030 - Appropriations
3C	Record receipt of monies from bond sale: (1) TC 112 - Record SCO Collection of Other Sources Dr. 1140 Cash in State Treasury Cr. 9830 Other Sources	Use Source code <b>520000</b> . This entry is for the <u>par value</u> of the bond. The SCO may use GLA 9839 instead of GLA 9830.
	(2) TC B08 - Accrue Premium/Interest on G. O. Bond Dr. 1140 Cash in State Treasury Cr. 3110 Due to Other Funds or Appropriations	This entry is for the <u>premium</u> received on the bond sale that will be transferred to the General Fund
	(3) TC B08 - Accrue Premium/Interest on G. O. Bond Dr. 1140 Cash in State Treasury Cr. 3110 Due to Other Funds or Appropriations	This entry is for the <u>accrued interest</u> purchased at the time of sale that will be transferred to the General Fund.



EXHIBIT III-1 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

	<b>Record transfer of Premium and Interest recorded in Entries 3C(2) and 3C(3) to General Fund in the <u>bond proceeds sub-fund</u>:</b>	
4A	Record the <u>premium</u> received on the bond sale transferred to the General Fund: TC B09 - Transfer Premium/Interest on G. O. Bond Dr. 3110 Due to Other Funds or Appropriations Cr. 1140 Cash in State Treasury	<i>Optional.</i> This entry is used only if Entry #1 was done.
4B	Record <u>accrued interest</u> received on the bond sale transferred to the General Fund: TC B09 - Transfer Premium/Interest on G. O. Bond Dr. 3110 Due to Other Funds or Appropriations Cr. 1140 Cash in State Treasury	<i>Optional.</i> This entry is used only if Entry #1 was done.
	<b>Record Appropriation Expenditure authority based on Budget Act or statute in the <u>bond expenditure sub-fund</u>:</b>	
5	Record an original appropriation: TC 010 - Record an Original Appropriation Dr. 6120 Appropriations-Offset Cr. 6110 Appropriations	
	<b>Record Encumbrances for future Expenditures in the <u>bond expenditure sub-fund</u>:</b>	
6	Record an original encumbrance: TC 211 - Record an Original Encumbrance Dr. 6150 Encumbrances Cr. 6155 Encumbrances - Offset	Entries to record year-end expenditure accruals may be needed as of June 30 <sup>th</sup> . Refer to Volume 7 for the appropriate TCs.

EXHIBIT III-1 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

	<b>NOTE:</b> The SCO records entries 7 and 8 simultaneously.	
	<b>Record Expenditures in the bond expenditure sub-fund:</b> Entries for disbursements applicable to year-end expenditure accruals may be needed. Refer to Volume 7 for appropriate TCs.	
7A	Claim schedule is submitted for payment of encumbered expenditures: TC 232 - Record Auto Scheduling Expend Prev Encumbered -OR- TC 243 - Record Manual Scheduling of Exp Prev Encumbered Dr. 9000 Appropriation Expenditures Cr. 3021 Claims in Process Dr. 6155 Encumbrances - Offset Cr. 6150 Encumbrances	Use current procedures to record claims filed, claims paid and claim correction entries.
7B	Claim schedule is submitted for payment of expenditures (no encumbrance): TC 231 - Record Auto Sched Exp Not Prev Encumb or Accrued -OR- TC 240 - Record Manual Sched of Exp Not Prev Enc or Accrued Dr. 9000 Appropriation Expenditures Cr. 3021 Claims in Process	Use current procedures to record claims filed, claims paid and claim correction entries.
7C	Direct payment by SCO of encumbered expenditures: TC 245 - Record SCO Pay of Expenditure Prev Encumbered Dr. 9000 Appropriation Expenditures Cr. 1140 Cash in State Treasury Dr. 6155 Encumbrances - Offset Cr. 6150 Encumbrances	Use current procedures to record claims filed, claims paid and claim correction entries.
7D	Direct payment by SCO of expenditures (no encumbrance): TC 242 - Record Direct SCO Pay of Exp Not Prev Enc or Accrued Dr. 9000 Appropriation Expenditures Cr. 1140 Cash in State Treasury	Use current procedures to record claims filed, claims paid and claim correction entries.
	<b>Record transfer of money to cover Expenditures recorded in Entry 7:</b>	
8A	Record operating transfers-out in the <u>bond proceeds sub-fund</u> : TC 481 - Record Operating Transfers-Out Dr. 9812 Operating Transfer-Out Cr. 1140 Cash in State Treasury	Use Object Detail code <b>626</b> . This entry is posted from the SCO's journal entry. Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferee fund to receive the transfer.
8B	Record operating transfers-in in the <u>bond expenditures sub-fund</u> : TC 483 - Record Operating Transfers-In Dr. 1140 Cash in State Treasury Cr. 9811 Operating Transfers-In	Use Source code <b>3nnnnn</b> . This entry is posted from the SCO's journal entry. Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferor fund making the transfer.

EXHIBIT III-1 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

	<b>Record abatement of Expenditures:</b>	
9A	<p>If appropriation is <u>reverted</u>, record receipt of monies and return of operating transfers-in in the <u>bond expenditures sub-fund</u>:</p> <p>(1) TC 152 - Record SCO Receipt for Reverted Appropriation Dr. 1140 Cash in State Treasury Cr. 9891 Refund to Reverted Appropriations</p> <p style="text-align: center;"><b>AND</b></p> <p>(2) TC 485 - Record Return of Operating Transfers-In Dr. 9811 Operating Transfers-In Cr. 1140 Cash in State Treasury</p>	<p>Use Source code <b>570000</b>. If agency collection, enter:</p> <p style="padding-left: 40px;">TC 107 - Record Cash Receipts as Refund to Reverted Appropriation</p> <p>Use current procedures for Cash in Transit and Cash in State Treasury entries.</p> <p>Entry (2) is not made until the Remittance Advice is recorded at the SCO and a journal entry is issued showing the transfer. Use Source code <b>3nnnnn</b>, the same as used in Entry #8A. Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferor fund making the transfer.</p>
9B	<p>If appropriation is <u>not reverted</u>, record receipt of monies and return of operating transfers-in in the <u>bond expenditures sub-fund</u>:</p> <p>(1) TC 116 - Record SCO Collection of Abatements Dr. 1140 Cash in State Treasury Cr. 9000 Appropriation Expenditures</p> <p style="text-align: center;"><b>AND</b></p> <p>(2) TC 485 - Record return of operating transfers-in Dr. 9811 Operating Transfers-In Cr. 1140 Cash in State Treasury</p>	<p>Use Source code <b>58nnnn</b>. If agency collection, enter:</p> <p style="padding-left: 40px;">TC 104 - Record Cash Receipts as Expend Abate (Not Billed)</p> <p>Use current procedures for Cash in Transit and Cash in State Treasury entries.</p> <p>Entry (2) is not made until the Remittance Advice is recorded at the SCO and a journal entry is issued showing the transfer. Use Source code <b>3nnnnn</b>, the same as used in Entry #8B. Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferor fund making the transfer.</p>
9C	<p>Record return of operating transfers-out (appropriation is open or reverted) in the <u>bond proceeds sub-fund</u>:</p> <p>TC 486 - Record Return of Operating Transfers-Out Dr. 1140 Cash in State Treasury Cr. 9812 Operating Transfers-Out</p>	<p>Use Object Detail code <b>626</b>. Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferee fund to receive the transfer.</p>

EXHIBIT III-1 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

	<b>Record accrued SMIF Interest earnings on June 30th in the <u>bond proceeds sub-fund</u>:</b>	
10	Record accrued SMIF interest earned: TC 176 - Record Amount Due From Other Funds - Revenue Dr. 1400 Due From Other Funds or Appropriations (SMIF) Cr. 8000 Revenue	Use Source code <b>250300</b> . SCO may use Source code <b>215030</b> .
	<b>Record collection of SMIF Interest earnings on bonds in <u>bond proceeds sub-fund</u>:</b>	
11A	If interest was accrued: TC 135 - SCO Receipt of Due From Other Funds - Revenue Dr. 1140 Cash in State Treasury Cr. 1400 Due From Other Funds or Appropriations (SMIF)	Use Source code <b>250300</b> . SCO may use Source code <b>215030</b> .
11B	If interest was not accrued: TC 136 - Record SCO Collection of Revenue (Not Billed) Dr. 1140 Cash in State Treasury Cr. 8000 Revenue	Use Source Code <b>250300</b> . SCO may use Source code <b>215030</b> .

EXHIBIT III-1 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

<u>ACCOUNTING EVENT</u>	<u>TRANSACTION CODE</u>	
	<u>Bond</u>	<u>Bond</u>
	<u>Proceeds</u> <u>Sub-Fund</u>	<u>Expenditure</u> <u>Sub-Fund</u>
1. Bonds are authorized but not issued	B01 ( <i>optional</i> )	
2. Record an adjustment to the original authorized amount		
A. Increase	B10 ( <i>optional</i> )	
B. Decrease	B11 ( <i>optional</i> )	
3. Record Sale of Bonds		
A. Reduce Bonds Authorized when bonds sell	B07 ( <i>optional</i> )	
B. Record original appropriation	010	
C. (1) Par value	112	
(2) Premium	B08	
(3) Interest	B08	
4. Transfer of premium and interest from bond sale to GF		
A. Premium	B09	
B. Interest	B09	
5. Record appropriation expenditure authority		010
6. Record encumbrances for future expenditures		211
7. Record expenditures		
A. Claim schedule submitted; liquidate encumbrance		232 or 243
B. Claim schedule submitted; no encumbrance		231 or 240
C. Direct SCO payment; liquidate encumbrance		245
D. Direct SCO payment; no encumbrance		242
8. Record transfer of monies to cover expenditures in #7		
A. Transfers-Out	481	
B. Transfers-In		483
9. Record expenditure abatement		
A. If appropriation is reverted		
(1) Record SCO Receipt		152
(2) Record return of Operating Transfers-In		485
B. If appropriation is open		
(1) Record SCO collection of abatements		116
(2) Record return of Operating Transfers-In		485
C. If appropriation is reverted or open		
(1) Record return of Operating Transfers-Out	486	
10. Record accrued SMIF Interest earnings on June 30th	176	
11. Record collection of SMIF Interest earnings		
A. Accrued	135	
B. Not accrued	136	

EXHIBIT III-1 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

BOND PROCEEDS SUB-FUND							
1140 Cash in State Treasury		1400 Due From Other Funds		2774 Bonds Authorized-Unissued		2780 Prov Unissued Auth Securities	
3C(1)	4A	10	11A	1			1
3C(2)	4B			2A	2B	2B	2A
3C(3)	8A				3A	3A	
9C							
11A							
11B							
3110 Due to Other Funds		6110 Appropriations		6120 Appropriations-Offset		3021 Claims in Process	
4A	3C(2)		3B	3B			
4B	3C(3)						
8000 Revenue		9812 Operating Transfers-Out		9830 Other Sources			
	10	8A	9C		3C(1)		
	11B						
BOND EXPENDITURES SUB-FUND							
1140 Cash in State Treasury		3021 Claims in Process		6110 Appropriations		6120 Appropriations-Offset	
8B	7C		7A		5	5	
9A(1)	7D		7B				
9B(1)	9A(2)						
	9B(2)						
6150 Encumbrances		6155 Encumbrances-Offset		9000 Expenditures		9811 Operating Transfers-In	
6	7A	7A	6	7A	9B(1)	9A(2)	8B
	7C	7C		7B		9B(2)	
				7C			
				7D			
9891 Reverted Appropriations							
	9A(1)						

EXHIBIT III-2  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

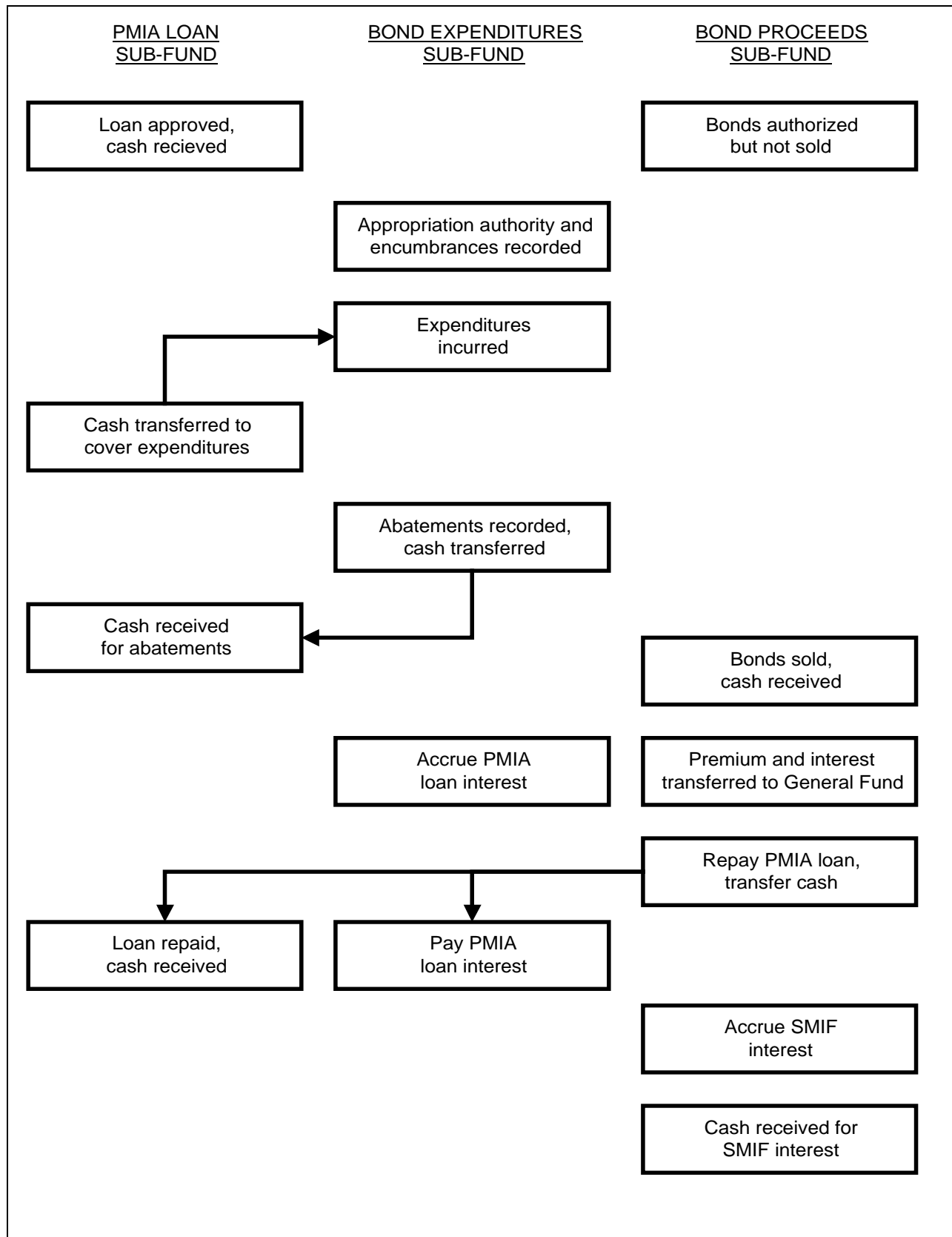


EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

<b>Record authorization of bonds (voter approval) in the <u>bond proceeds sub-fund</u>:</b>		
1	Record bond authorization: TC B01 - Bond Act is Chaptered Dr. 2774 Bonds Authorized-Unissued Cr. 2780 Provision for Unissued Authorized Securities	<i>Optional.</i> Agencies may decide based on needs whether to formally record this information in their accounting records.
<b>Record an adjustment to the original authorized amount in the <u>bond proceeds sub-fund</u>:</b>		
2A	Record an increase to the original authorized amount: TC B10 - Bond Act Adjustment to Increase Dr. 2774 Bonds Authorized-Unissued Cr. 2780 Provision for Unissued Authorized Securities	<i>Optional.</i> This entry is used only if Entry #1 was done.
2B	Record a decrease to the original authorized amount: TC B11 - Bond Act Adjustment to Decrease Dr. 2780 Provision for Unissued Authorized Securities Cr. 2774 Bonds Authorized-Unissued	<i>Optional.</i> This entry is used only if Entry #1 was done.
<b>Record PMIA loan in <u>PMIA loan proceeds sub-fund</u>:</b>		
3A	Record receipt of PMIA loan: TC B02 - Record receipt of PMIA Loan Dr. 1140 Cash in State Treasury Cr. 3610 PMIA Loans Payable	Use Object Detail code <b>626</b> .  If this loan is to replace an existing PMIA loan, refer to Entry #12.
3B	Record an original appropriation: TC 010 - Record an Original Appropriation Dr. 6120 Appropriations-Offset Cr. 6110 Appropriations	If this loan is to replace an existing PMIA loan, refer to Entry #12.
<b>Record appropriation expenditure authority based on Budget Act or statute. Entries are in <u>bond expenditure sub-fund</u>:</b>		
4	Record original appropriation: TC 010 - Record an Original Appropriation Dr. 6120 Appropriations-Offset Cr. 6110 Appropriations	
<b>Record encumbrances for future expenditures or the accrual of expenditures. Entries are in <u>bond expenditure sub-fund</u>:</b>		
5	Record original encumbrance: TC 211 - Record an Original Encumbrance Dr. 6150 Encumbrances Cr. 6155 Encumbrances - Offset	Entries to record year-end expenditure accruals may be needed as of June 30 <sup>th</sup> . Refer to Volume 7 for the appropriate TCs.



EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

	<b>NOTE:</b> The SCO records entries 6 and 7 simultaneously.	
	<b>Record expenditures in the bond expenditure sub-fund:</b> Entries to record disbursements applicable to year-end expenditure accruals may be needed. Refer to Volume 7 for appropriate TCs.	
6A	Claim schedule is submitted for payment of encumbered expenditures: TC 232 - Record Auto Scheduling Expend Prev Encumbered -OR- TC 243 - Record Manual Scheduling of Exp Prev Encumbered Dr. 9000 Appropriation Expenditures Cr. 3021 Claims in Process Dr. 6155 Encumbrances - Offset Cr. 6150 Encumbrances	Use current procedures to record claims filed, claims paid and claim correction entries.
6B	Claim schedule is submitted for payment of expenditures (no encumbrance): TC 231 - Record Auto Sched Exp Not Prev Encumb or Accrued -OR- TC 240 - Record Manual Sched of Exp Not Prev Enc or Accrued Dr. 9000 Appropriation Expenditures Cr. 3021 Claims in Process	Use current procedures to record claims filed, claims paid and claim correction entries.
6C	Direct payment by SCO of encumbered expenditures: TC 245 - Record SCO Pay of Expenditure Prev Encumbered Dr. 9000 Appropriation Expenditures Cr. 1140 Cash in State Treasury Dr. 6155 Encumbrances - Offset Cr. 6150 Encumbrances	Use current procedures to record claims filed, claims paid and claim correction entries.
6D	Direct payment by SCO of expenditures (no encumbrance): TC 242 - Record Direct SCO Pay of Exp Not Prev Enc or Accrued Dr. 9000 Appropriation Expenditures Cr. 1140 Cash in State Treasury	Use current procedures to record claims filed, claims paid and claim correction entries.
	<b>Record transfer of money to cover expenditures recorded in Entry #6:</b> If a Claim Correction is received from the SCO, a reversal of each entry is needed.	
7A	Record operating transfers-out in the <u>bond proceeds sub-fund</u> : TC 481 - Record Operating Transfers-Out Dr. 9812 Operating Transfer-Out Cr. 1140 Cash in State Treasury	Use Object Detail code <b>626</b> . This entry is posted from the SCO's journal entry. Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferee fund to receive the transfer.
7B	Record operating transfers-in in the <u>bond expenditures sub-fund</u> : TC 483 - Record Operating Transfers-In Dr. 1140 Cash in State Treasury Cr. 9811 Operating Transfers-In	Use Source code <b>3nnnnn</b> . This entry is posted from the SCO's journal entry. Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferor fund making the transfer.

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

	<b>Record abatement of expenditures:</b>	
8A	<p>If appropriation is <u>reverted</u>, record receipt of monies and return of operating transfers-in in the <u>bond expenditures sub-fund</u>:</p> <p>(1) TC 152 - Record SCO Receipt for Reverted Appropriation Dr. 1140 Cash in State Treasury Cr. 9891 Refund to Reverted Appropriations</p> <p style="text-align: center;"><b>AND</b></p> <p>(2) TC 485 - Record return of operating transfers-in Dr. 9811 Operating Transfers-In Cr. 1140 Cash in State Treasury</p>	<p>Use Source code <b>570000</b>. If agency collection, enter:</p> <p style="padding-left: 40px;">TC 107 - Record Cash Receipts as Refund to Reverted Appropriation</p> <p>Use current procedures for Cash in Transit and Cash in State Treasury entries.</p> <p>Entry (2) is not made until the Remittance Advice is recorded at the SCO and a journal entry is issued showing the transfer. Use Source code <b>3nnnnn</b>, the same as used in Entry #7B. Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferor fund making the transfer.</p>
8B	<p>If appropriation is <u>not reverted</u>, record receipt of monies and return of Operating Transfers-In in the <u>bond expenditures sub-fund</u>:</p> <p>(1) TC 116 - Record SCO Collection of Abatements Dr. 1140 Cash in State Treasury Cr. 9000 Appropriation Expenditures</p> <p style="text-align: center;"><b>AND</b></p> <p>(2) TC 485 - Record Return of Operating Transfers-In Dr. 9811 Operating Transfers-In Cr. 1140 Cash in State Treasury</p>	<p>Use Source code <b>58nnnn</b>. If agency collection, enter:</p> <p style="padding-left: 40px;">TC 104 - Record Cash Receipts as Expend Abate (Not Billed)</p> <p>Use current procedures for Cash in Transit and Cash in State Treasury entries.</p> <p>Entry (2) is not made until the Remittance Advice is recorded at the SCO and a journal entry is issued showing the transfer. Use Source code <b>3nnnnn</b>, the same as used in Entry #7B. Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferor fund making the transfer.</p>
8C	<p>Record return of Operating Transfers-Out (appropriation is open or reverted) if PMIA Loan has not been repaid in the <u>PMIA Loan Proceeds Sub-Fund</u> (<b>OR</b> record in the <u>Bond Proceeds Sub-Fund</u> if the loan has been repaid and Entry #13 has been done):</p> <p style="padding-left: 40px;">TC 486 - Record Return of Operating Transfers-Out Dr. 1140 Cash in State Treasury Cr. 9812 Operating Transfers-Out</p>	<p>Use Object Detail code <b>626</b>. Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferee fund to receive the transfer.</p>

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

	<p><b>Record accrued interest due on PMIA loan on June 30th in the <u>bond expenditures sub-fund</u>:</b>  <u>This entry is not reversed in the new year.</u> General Obligation bonds that are not self-liquidating are accrued in the General Fund.</p> <p><b>DEFINITION:</b> General Obligation bonds that are self-liquidating provide a means to recover the bond value plus interest payments. The bond act provides this information. An example is the Veteran's Home Loan Bonds—monthly mortgage payments liquidate the outstanding bonds.</p>	
9	<p>Record accrued interest due on PMIA loan:</p> <p>TC 285 - Record Accrued Exp and Amount Due to Other Funds  Dr. 9000 Appropriation Expenditures  Cr. 3110 Due to Other Funds or Appropriations</p>	<p>Use Object Detail code <b>602</b>.  This entry is only done for Revenue and self-liquidating General Obligation bonds.</p>
	<p><b>Record payoff of prior PMIA Loan with new PMIA Loan:</b></p>	
10A	<p>Record receipt in <u>PMIA loan proceeds sub-fund (new)</u>:</p> <p>(1) TC B02 - Record receipt of PMIA Loan  Dr. 1140 Cash in State Treasury (Use Object Detail 626)  Cr. 3610 PMIA Loans Payable</p> <p>(2) TC 481 - Record Operating Transfers-Out  Dr. 9812 Operating Transfer-Out  Cr. 1140 Cash in State Treasury</p> <p>(3) TC 010 - Record an Original Appropriation  Dr. 6120 Appropriations-Offset  Cr. 6110 Appropriations</p>	<p>The transfer includes the amount needed to pay off interest due on old loan. The SCO records this appropriation setup by:</p> <p>Dr. 5510 - Fund Balance-Appropriated  Cr. 6030 – Appropriations</p> <p>Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferee fund to receive the transfer.</p>
10B	<p>Record payoff in <u>PMIA loan proceeds sub-fund (old)</u>:</p> <p>(1) TC 483 - Record Operating Transfers-In  Dr. 1140 Cash in State Treasury  Cr. 9811 Operating Transfers-In</p> <p>(2) TC B04 - Record Payoff of PMIA Loan  Dr. 3610 PMIA Loans Payable  Cr. 1140 Cash in State Treasury</p> <p>(3) TC 481 - Record Operating Transfers-Out  Dr. 9812 Operating Transfer-Out  Cr. 1140 Cash in State Treasury</p> <p>(4) TC 010 R - Record an Original Appropriation (Reversal)  Dr. 6110 Appropriations  Cr. 6120 Appropriations-Offset</p>	<p>This entry includes the amount to repay the principal and interest due on the old PMIA loan. Use Source code <b>3nnnnn</b>. Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferor fund making the transfer.</p> <p>This entry is for the amount of interest due on the old PMIA loan. Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferee fund to receive the transfer.</p> <p>This entry offsets the amount recorded in Entry (3B).</p>

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

10C	<p>Record interest due on PMIA loan (<b>old</b>) in <u>bond expenditures sub-fund</u>: (Interest on General Obligation bonds that are not self-liquidating is paid by the General Fund.)</p> <p>(1) TC 483 - Record Operating Transfers-In Dr. 1140 Cash in State Treasury Cr. 9811 Operating Transfers-In</p> <p><b>AND</b></p> <p>If not accrued:</p> <p>(2) TC B05 - SCO Payment of Interest Payable on PMIA Loan Dr. 9000 Appropriation Expenditures Cr. 1140 Cash in State Treasury</p> <p><b>OR</b></p> <p>If accrued:</p> <p>(3) TC 262 - Record SCO Pay of Exp Prev Accrued as Due to Other Funds Dr. 3110 Due to Other Funds or Appropriations Cr. 1140 Cash in State Treasury</p>	<p>Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferor fund making the transfer.</p>
	<b>Record the sale of bonds in the <u>bond proceeds sub-fund</u>:</b>	
11A &	<p>Record reduction of bonds authorized when bonds are sold:</p> <p>TC B07 - Reduce Bonds Authorized When Sell Bonds Dr. 2780 Provision for Unissued Authorized Securities Cr. 2774 Bonds Authorized-Unissued</p>	<p><i>Optional.</i> This entry is used only if Entry #1 was done.</p>
11B &	<p>Record an original appropriation:</p> <p>TC 010 - Record an Original Appropriation Dr. 6120 Appropriations-Offset Cr. 6110 Appropriations</p>	<p>The SCO records this appropriation setup by:</p> <p>Dr. 5510 - Fund Balance-Appropriated Cr. 6030 - Appropriations</p>
11C	<p>Record receipt of monies from bond sale:</p> <p>(1) TC 112 - Record SCO Collection of Other Sources Dr. 1140 Cash in State Treasury Cr. 9830 Other Sources</p> <p>(2) TC B08 - Accrue Premium/Interest on G. O. Bond Dr. 1140 Cash in State Treasury Cr. 3110 Due to Other Funds or Appropriations</p> <p>(3) TC B08 - Accrue Premium/Interest on G. O. Bond Dr. 1140 Cash in State Treasury Cr. 3110 Due to Other Funds or Appropriations</p>	<p>Use Source code <b>520000</b>. This entry is for the <u>par value</u> of the bond. SCO may use GLA 9839 instead of GLA 9830.</p> <p>This entry is for the <u>premium</u> received on the bond sale that will be transferred to the General Fund.</p> <p>This entry is for the <u>accrued interest</u> purchased at the time of sale that will be transferred to the General Fund.</p>

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

	<b>Record transfer of premium and interest (recorded in Entries 11C and 11D) to General Fund in the <u>bond proceeds sub-fund</u>:</b>	
12A	Record the <u>premium</u> received on the bond sale that was transferred to the General Fund: TC B09 - Transfer Premium/Interest on G. O. Bond Dr. 3110 Due to Other Funds or Appropriations Cr. 1140 Cash in State Treasury	<i>Optional.</i> This entry is used only if Entry #1 was done.
12B	Record the <u>accrued interest</u> received on the bond sale that was transferred to the General Fund: TC B09 - Transfer Premium/Interest on G. O. Bond Dr. 3110 Due to Other Funds or Appropriations Cr. 1140 Cash in State Treasury	<i>Optional.</i> This entry is used only if Entry #1 was done.
	<b>Record repayment of PMIA loan - principal only (after bond sale):</b>	
13A	Entry for the <u>bond proceeds sub-fund</u> : TC 481 - Record Operating Transfers-Out Dr. 9812 Operating Transfer-Out Cr. 1140 Cash in State Treasury	Use Object Detail code <b>626</b> . Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferee fund to receive the transfer.
13B	Entries for the <u>PMIA loan proceeds sub-fund</u> : (1) TC 483 - Record Operating Transfers-In Dr. 1140 Cash in State Treasury Cr. 9811 Operating Transfers-In  (2) TC B04 - Record Payoff of PMIA Loan Dr. 3610 PMIA Loans Payable Cr. 1140 Cash in State Treasury  (3) TC 010 R - Record an Original Appropriation (Reversal) Dr. 6110 Appropriations Cr. 6120 Appropriations-Offset	Use Source code <b>3nnnnn</b> . Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferor fund making the transfer.  Use Object Detail code <b>626</b> .

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

	<b>Record payment of interest due on PMIA loan (after bond sale):</b> (Entries done for Revenue and General Obligation bonds that are self-liquidating.)	
14A	Entry for the <u>bond proceeds sub-fund</u> : TC 481 - Record Operating Transfers-Out Dr. 9812 Operating Transfer-Out Cr. 1140 Cash in State Treasury	Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferee fund to receive the transfer.
14B	<p>Entries for the <u>bond expenditures sub-fund</u>:</p> <p>(1) TC 483 - Record Operating Transfers-In Dr. 1140 Cash in State Treasury Cr. 9811 Operating Transfers-In</p> <p><b>AND</b></p> <p>If not accrued:</p> <p>(2) TC B05 - SCO Payment of Interest Payable on PMIA Loan Dr. 9000 Appropriation Expenditures Cr. 1140 Cash in State Treasury</p> <p><b>OR</b></p> <p>If accrued:</p> <p>(3) TC 262 - Record SCO Pay of Exp Prev Accrued as Due to Other Funds Dr. 3110 Due to Other Funds or Appropriations Cr. 1140 Cash in State Treasury</p>	<p>Use Source code <b>3nnnnn</b>. Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferor fund making the transfer.</p> <p>Use Object Detail code <b>626</b>.</p>
	<b>Record accrued SMIF interest earnings on June 30th in the <u>bond proceeds sub-fund</u>:</b> This is interest earned by money in SMIF from either the <u>bond proceeds sub-fund</u> or the <u>PMIA loan proceeds sub-fund</u> .	
15	Record accrued SMIF interest earnings: TC 176 - Record Amount Due From Other Funds - Revenue Dr. 1400 Due From Other Funds or Appropriations (SMIF) Cr. 8000 Revenue	Use Source code <b>250300</b> . SCO may use Source code <b>215030</b> .
	<b>Record collection of SMIF interest earnings on bonds in <u>bond proceeds sub-fund</u>:</b> This is interest earned by money in SMIF from either the <u>bond proceeds sub-fund</u> or the <u>PMIA loan proceeds sub-fund</u> .	
16A	If interest earnings were accrued (Entry #15): TC 135 - SCO Receipt of Due From Other Funds - Revenue Dr. 1140 Cash in State Treasury Cr. 1400 Due From Other Funds or Appropriations (SMIF)	Use Source code <b>250300</b> . SCO may use Source <b>215030</b> .
16B	Entry if interest has not been accrued: TC 136 - Record SCO Collection of Revenue (Not Billed) Dr. 1140 Cash in State Treasury Cr. 8000 Revenue	Use Source code <b>250300</b> . SCO may use Source code <b>215030</b> .

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

	<b>Entries to record the pay down of a PMIA loan with Commercial Paper in the <u>PMIA loan proceeds sub-fund (7nn)</u>:</b>	
17A	Record pay down of PMIA loan: TC B04 - Record Payoff of PMIA Loan Dr. 3610 PMIA Loans Payable Cr. 1140 Cash in State Treasury	Use Object Detail code <b>626</b> .
17B	Reduce current year expenditures being reimbursed by Commercial Paper: (1) TC 481 - Record Operating Transfers-Out (Category 14) Dr. 9812 Operating Transfers-Out Cr. 1140 Cash in State Treasury  <b>AND</b> (2) TC 486 - Record Return of Operating Transfers-Out (Category 11) Dr. 1140 Cash in State Treasury Cr. 9812 Operating Transfers-Out	Use Object Detail code <b>626</b> . Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferee fund to receive the transfer.  Use Object Detail code <b>626</b> . Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferee fund to receive the transfer.
17C	Record transfer of cash from the Unallocated G.O. Bond Commercial Paper Fund (0656) to the <u>PMIA loan proceeds sub-fund (7nn)</u> : TC 483 - Record Operating Transfers-In Dr. 1140 Cash in State Treasury Cr. 9811 Operating Transfers-In	Use Source code <b>306560</b> . Use Subsidiary number <b>nnnn0000</b> where <i>nnnn</i> identifies the transferor fund making the transfer.
17D	Record appropriation adjustment for Commercial Paper: (1) TC 010 R - Record an Original Appropriation (Category 11) Dr. 6110 Appropriations Cr. 6120 Appropriations-Offset  <b>AND</b> (2) TC 010 - Record an Original Appropriation (Category 14) Dr. 6120 Appropriations-Offset Cr. 6110 Appropriations	

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

<u>ACCOUNTING EVENT</u>	<u>Bond Proceeds Sub-Fund</u>	<u>TRANSACTION CODE</u>		<u>PMIA Loan Proceeds Sub-Fund (7nn)</u>
		<u>Bond Expenditure Sub-Fund</u>	<u>PMIA Loan Proceeds Sub-Fund (5nn)</u>	
1. Bonds are authorized but not issued	B01 ( <i>optional</i> )			
2. Record an adjustment to the original authorized amount				
A. Increase	B10 ( <i>optional</i> )			
B. Decrease	B11 ( <i>optional</i> )			
3. Record PMIA Loan				
A. Receipt			B02	
B. Appropriation			010	
4. Record appropriation expenditure authority		010		
5. Record encumbrances for future expenditures		211		
6. Record expenditures				
A. Claim schedule submitted; liquidate encumbrance		232 or 243		
B. Claim schedule submitted; no encumbrance		231 or 240		
C. Direct SCO payment; liquidate encumbrance		245		
D. Direct SCO payment; no encumbrance		242		
7. Record transfer of monies to cover expenditures in #6				
A. Transfers-Out	481 <sup>1/</sup>		481 <sup>2/</sup>	
B. Transfers-In		483		

<sup>1/</sup> If PMIA Loan has been repaid and Entry #13 has been done.

<sup>2/</sup> If PMIA Loan has not been repaid.



EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

<u>ACCOUNTING EVENT</u>	<u>Bond Proceeds Sub-Fund</u>	<u>TRANSACTION CODE</u>		<u>PMIA Loan Proceeds Sub-Fund (7nn)</u>
		<u>Bond Expenditure Sub-Fund</u>	<u>PMIA Loan Proceeds Sub-Fund (5nn)</u>	
8. Record abatement of Expenditure				
A. If appropriation is reverted				
(1) Record SCO Receipt		152		
(2) Record return of Operating Transfers-In		485		
B. If appropriation is open				
(1) Record SCO collection of abatements		116		
(2) Record return of Operating Transfers-In		485		
C. If Appropriation is reverted or open				
(1) Record return of Operating Transfers-Out	486 <sup>1/</sup>		486 <sup>2/</sup>	
9. Record Accrued Interest due on PMIA Loan on June 30		285		
10. Record payoff of prior PMIA Loan with new PMIA Loan				
A. Record receipt (New PMIA Loan Proceeds Sub-Fund)				
(1) Receipt of monies			B02	
(2) Operating Transfers-Out			481	
(3) Appropriation			010	
B. Record payoff (Old PMIA Loan Proceeds Sub-Fund)				
(1) Operating Transfers-In			483	
(2) Payoff			B04	
(3) Operating Transfers-Out			481	
(4) Appropriation (Reversal)			010 R	
C. Record interest due on Old PMIA Loan				
(1) Operating Transfers-In		483		
(2) Interest Payable (not accrued)		B05		
(3) Interest Payable (accrued)		262		

<sup>1/</sup> If PMIA Loan has been repaid and Entry #13 has been done.  
<sup>2/</sup> If PMIA Loan has not been repaid.

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

<u>ACCOUNTING EVENT</u>	<u>Bond Proceeds Sub-Fund</u>	<u>TRANSACTION CODE</u>		<u>PMIA Loan Proceeds Sub-Fund (<b>5nn</b>)</u>	<u>PMIA Loan Proceeds Sub-Fund (<b>7nn</b>)</u>
		<u>Bond Expenditure Sub-Fund</u>			
11. Record Sale of Bonds					
A. Reduce Bonds Authorized when Bonds sell	B07 ( <i>optional</i> )				
B. Record original appropriation	010				
C. (1) Par value	112				
(2) Premium	B08				
(3) Interest	B08				
12. Transfer of premium and interest from bond sale to GF					
A. Premium	B09				
B. Interest	B09				
13. Record repayment of PMIA Loan					
A. Operating Transfers-Out	481				
B. PMIA Loan Proceeds Sub-Fund					
(1) Operating Transfers-In				483	
(2) Payoff				B04	
(3) Appropriation (Reversal)				010 R	
14. Record payment of interest due on PMIA Loan					
A. Operating Transfers-Out	481				
B. Bond Expenditures Sub-Fund					
(1) Operating Transfers-In		483			
(2) If not accrued		B05			
(3) If accrued		262			
15. Record accrued SMIF Interest earnings on June 30th	176				
16. Record collection of SMIF Interest earnings					
A. Accrued	135				
B. Not accrued	136				

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

<u>ACCOUNTING EVENT</u>		<u>TRANSACTION CODE</u>			
		<u>Bond</u> <u>Proceeds</u> <u>Sub-Fund</u>	<u>Bond</u> <u>Expenditure</u> <u>Sub-Fund</u>	<u>PMIA Loan</u> <u>Proceeds</u> <u>Sub-Fund (5nn)</u>	<u>PMIA Loan</u> <u>Proceeds</u> <u>Sub-Fund (7nn)</u>
17	Record pay down of PMIA Loan with Commercial Paper				
A.	Record pay down of PMIA Loan				B04
B.	Reduce current year expenditures				
(1)	Operating Transfers-Out (Category 14)				481
(2)	Operating Transfers-Out (Category 11)				486
C.	Record transfer of cash				483
D.	Record appropriation adjustment				
(1)	Appropriation (Category 11)				010 R
(2)	Appropriation (Category 14)				010

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

BOND PROCEEDS SUB-FUND											
1140 Cash in State Treasury		1400 Due From Other Funds		2774 Bonds Authorized-Unissued		2780 Prov Unissued Auth Securities		3110 Due to Other Funds		6110 Appropriations	
8C	7A	15	16A	1	2B	2B	1	12A	11C(2)		11B
11C(1)	12A			2A	11A	11A	2A	12B	11C(3)		
11C(2)	12B										
11C(3)	13A										
16A	14A										
16B											
6120 Appropriations-Offset		8000 Revenue		9812 Operating Transfers-Out		9830 Other Sources					
11B			15 16B	7A 13A 14A	8C		11C(1)				

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

BOND EXPENDITURES SUB-FUND									
1140 Cash in State Treasury		3021 Claims in Process		3110 Due to Other Funds/Appns		6110 Appropriations		6120 Appropriations-Offset	
7B	6C		6A	14B(3)	9		4	4	5
8A(1)	6D		6B						6A
8B(1)	8A(2)								6C
10C(1)	8B(2)								
14B(1)	10C(2)								
	10C(3)								
	14B(2)								
	14B(3)								
6155 Encumbrances-Offset		9000 Expenditures		9811 Operating Transfers-In		9891 Reverted Appropriations			
6A	5	6A	8B(1)	8A(2)	7B		8A(1)		
6C		6B		8B(2)	10C(1)				
		6C			14B(1)				
		6D							
		9							
		10C(2)							
		10C(3)							
		14B(2)							

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

**PMIA LOAN PROCEEDS SUB-FUND (OLD)**

1140 Cash in State Treasury		3610 PMIA Loans Payable		6110 Appropriations		6120 Appropriations-Offset		9811 Operating Transfers-In		9812 Operating Transfers-Out	
3A	7A	10B(2)	3A	10B(4)	3B	3B	10B(4)		10B(1)	7A	8C
8C	10B(2)	13B(2)		13B(3)			13B(3)		13B(1)	10B(3)	
10B(1)	13B(2)										
10B(3)											
13B(1)											

**PMIA LOAN PROCEEDS SUB-FUND (NEW)**

1140 Cash in State Treasury		3610 PMIA Loans Payable		6110 Appropriations		6120 Appropriations-Offset		9811 Operating Transfers-In		9812 Operating Transfers-Out	
10A(1)	10A(2)		10A(1)		10A(3)	10A(3)				10A(2)	

**PMIA LOAN PROCEEDS SUB-FUND (7xx)**

1140 Cash in State Treasury		3610 PMIA Loans Payable		6110 Appropriations		6120 Appropriations-Offset		9811 Operating Transfers-In		9812 Operating Transfers-Out	
17B(2)	17A	17A		(Cat 11)	(Cat 14)	(Cat 14)	(Cat 11)		17C	(Cat 14)	(Cat 11)
17C	17B(1)			17D(1)	17D(2)	17D(2)	17D(1)			17B(1)	17B(2)